



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

For Immediate Release:

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Wednesday, April 4, 2001

ROGERS/OXLEY INTRODUCE NEW LEGISLATION TO STOP FINANCIAL FRAUD BEFORE IT STARTS

Today, U.S. Rep. Mike Rogers (MI) introduced legislation that would stop financial fraud before it starts by creating a new, computerized network that would link together the anti-fraud databases of the nation's financial regulators and law enforcement agencies. House Financial Services Committee Chairman Michael G. Oxley (OH) is an original cosponsor of the bill, H.R. 1408.

"Using modern technology, the new network will enable all regulators to be on the lookout for fraudulent actors, no matter what state they're from and no matter what industry they're in," said Rep. Rogers, a member of the Financial Services Committee. "Electronically linking regulators and law enforcement closes a loophole and averts schemes aimed at bilking the American public."

The network would be established through a new anti-fraud subcommittee of the President's Working Group on Financial Markets.

In the United States, over 200 agencies at both the state and federal level are responsible for financial regulation. While many anti-fraud databases exist, there is little communication among them.

"Ultimately, the costs of financial fraud are passed on, and this new initiative will help safeguard consumers and taxpayers," Oxley said. "In addition to helping stop individual criminals, it will help regulators and law enforcement agencies detect patterns of fraud."

Martin Frankel, who is charged with bilking insurance companies of hundreds of millions of dollars, evaded regulators by simply switching industries. Permanently barred from the securities industry, he purchased insurance agencies. While he was listed in the Securities and Exchange Commission's anti-fraud database, insurance regulators would have had to cross-check every insurance agent's name in order to discover Frankel's fraudulent past.

The new legislation features no new bureaucracy, no new federal regulations, and no new collection of information. No consumer information would be shared. Only information about fraudulent activity would be shared and only regulators would have access to such information.

Other members who have cosponsored the bipartisan legislation include: Oversight and Investigations Subcommittee Chair Sue W. Kelly (NY); Financial Institutions and Consumer Credit Subcommittee Chairman Spencer Bachus (AL) and U.S. Rep. Patrick Tiberi (OH).

Both Oxley and Rogers are former special agents of the Federal Bureau of Investigation.

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